

CENTRAL INTELLIGENCE GROUP 25X1
INTELLIGENCE REPORT

COUNTRY Sweden, USSR

DATE:

25X1

SUBJECT The Swedish-USSR Trade Agreement

DIST. 29 May 1947

25X1

PAGES 16

SUPPLEMENT

ORIGIN

25X1

DISTRIBUTION

STATE	WAR	NAVY	JUSTICE	R & E	C & D	AAF					
-------	-----	------	---------	-------	-------	-----	--	--	--	--	--

25X1

SUMMARY

1. The pact should be integrated among the international trade agreements planned for the future. It will embrace from 12 to 15 percent of Sweden's foreign trade.
2. The Government of the USSR will be given a one billion Swedish Kronor credit, to be utilized over a period of five years to pay for Soviet orders placed in Sweden. The contingents for mutual goods deliveries for the period ending Dec. 31, 1947 have been fixed in the amount of 100 million Swedish kronor for either party. Part of this may be carried over to the next year, but in no case is the maximum credit to exceed 300 million kronor in a year. Certain deliveries within the framework of the agreement may be made during the sixth year.
3. The credit is to be redeemed in 15 years and is to bear interest at the rate of 3 percent annually, except during the first three years. During the first three years the credit will bear no interest which, along with other terms of the agreement, will reduce the annual interest to 2 3/8 percent.
4. Both parties agree to prolong for five years the agreement on the trade turnover and payment concluded by them on Sept 7, 1940.
5. Sweden will be compensated for half her claims in the Baltic States. The agreement on this topic is confidential. The USSR may use the Swedish credit for payment of these claims.
6. There is in the bill a confidential transit agreement, similar to that of the transit agreement of 1940, which is altered to meet the frontier revision.

CONFIDENTIAL

CLASSIFICATION

REFERENCE CENTER LIBRARY

CONFIDENTIAL

25X1

- 2 -

7. The list of Swedish credit deliveries comprises 16 categories of items, and four different payments to be made against the Russian credit. The list of deliveries includes: equipment for hydropower and thermal power stations; equipment for the mechanization of ore-mining and the agglomeration of ores; equipment for the mechanization of forestry, and peat extracting; equipment for building construction, and building materials; locomotives (300); trawlers (45); cargo vessels (50); fish; draft horses; cattle for breeding purposes; steel and ball-bearings; optical equipment and range-finders.
8. Through 1947 the USSR was to send Sweden goods amounting to 100 million kronor, of which 500 tons was to be synthetic rubber, 100,000 tons petroleum products, 100,000 tons potash, 200,000 tons of iron; also chrome and manganese ore, asbestos, alabaster, nickel, silver, platinum.
9. The bill was signed on behalf of the Soviet Union by Kумыкин, for the Minister of Foreign Trade of the USSR, and on behalf of Sweden by the Chairman of the Trade Delegation, Mr. Rolph Solma.
10. On Nov. 13, 1946 the Swedish Riksdag approved the bill, the Upper Chamber without discussion; the Lower Chamber voting 156 for, 17 against, 22 abstaining, and 33 absent.
11. Instruments of ratification were exchanged between the USSR and Sweden on Dec. 10, 1946, at which time the trade credit agreement formally went into effect.

CONFIDENTIAL

- 1 -

25X1

APPENDIX

Stockholm, Swedish Home Service, Oct. 5, 1946, 4:00 pm EST—L

(Text)

"A Swedish Foreign Ministry communique issued this evening says: "A Cabinet meeting held at Drottningholm this afternoon authorized the Swedish delegation to Moscow to sign the Swedish-Soviet trade agreement. After the return of the delegation to Stockholm communiques about the agreement will be issued simultaneously in Stockholm and Moscow."

"There was no official information available this evening as to when the Swedish-Moscow delegation was expected to return to Stockholm, but it is expected that the return journey will take place in the next few days. This seems to be confirmed by the fact that a Swedish aircraft has been ordered to leave Bromma for Moscow early on Monday morning."

Stockholm, Swedish Home Service, Oct. 8, 1946, 4:00 pm EST—L

(Text)

"A communique on the Swedish-Russian credit agreement and Swedish-Russian trade was published tonight by the Swedish Foreign Ministry. 'The Swedish Government gives the Soviet Government a credit of one billion kronor to be used in the course of 5 years, mainly for the payment of Russian orders for reconstruction and the extension of necessary equipment for Soviet national economy.

"In principle it is intended that it shall be used at the rate of 200 million kronor a year, part of which may be carried forward to the following year, although in this case the maximum credit must not exceed 300 million kronor in a year. Certain deliveries within the framework of the credit may be made during the 6th year.

"The list attached to the credit agreement of Swedish credit deliveries include plants for hydroelectric stations and steam-power stations, for mechanizing the extraction and concentration of ore, equipment for the mechanization of forestry and possibly of peat cutting, equipment for the building and the manufacture of building materials, steam locomotives, and fishing trawlers, and other kinds of equipment, the credit to be repaid within 15 years and to carry interest of 3 percent per annum.

"During the first 3 years, however, there will be no interest on the credit, and owing to this and certain other conditions the actual interest to be paid will work out at 2 3/8 percent per annum.

"Concurrently agreement has been reached about the trade exchange between the USSR and Sweden. Both parties prolong for 5 years the trade and monetary pact of Sept. 7, 1940. The stipulated quotas for mutual goods deliveries during the period up to Dec. 31, 1947 amount to 100 million Swedish kronor in each direction.

"Swedish exports to the USSR will comprise various kinds of quality steel and its products, ball bearings, optical and range-finding instruments and so forth, and further, agricultural and fishery produce, including farm horses and pedigreed cattle.

CONFIDENTIAL

CONFIDENTIAL

25X1

-- 2 --

"Russian deliveries to Sweden will comprise various kinds of industrial raw materials including chrome and manganese ore, asbestos, alabaster, nickel, silver, platinum and so forth, and mineral oil products, the latter commodities to be used for the manufacture of a certain proportion of equipment to be delivered to the USSR according to the credit agreement. The USSR will also supply certain artificial fertilizers essential for Swedish agriculture, such as phosphates and potash.

"Both parties also reaffirm the desirability of extending future trade exchange between the agreed 100 million kronor in each direction."

"During negotiations, agreement was also reached about the settlement of certain economic claims which had arisen since 1940.

"Finally, it was stated that the negotiations had been carried on in a friendly atmosphere and both sides have shown anxiety to develop economic relations between the two countries in accordance with their interests as close neighbors, as well as in their anxiety to reestablish and extend international trade relations interrupted by the war.

"The agreement will be submitted to the Riksdag for approval and will come into force when this approval has been given."

Moscow, TASS, Soviet Overseas Service, in English Morse to North America, Oct. 8, 1946, 5:37 am EST--W

(Text)

"Moscow--A credit agreement between the USSR and Sweden was signed in Moscow on Oct. 7, 1946, as a result of negotiations between the Ministry of Foreign Trade of the USSR and a Swedish trade delegation-

"The Government of Sweden grants the Soviet Government a credit of one billion Swedish kronor. This credit will be utilized in the course of 5 years to pay for Soviet orders placed in Sweden. The list of Swedish deliveries on credit appended to the credit agreement includes equipment for hydropower stations and thermal power stations, equipment for the mechanization of ore mining and the agglomeration of ores, equipment for the mechanization of lumber and peat extraction, equipment for housing construction and the production of building materials, locomotives, fishing trawlers, and other kinds of equipment. The credit is to be redeemed within 15 years and bears an annual interest of 3 percent.

"However, during the first 3 years the credit will bear no interest which, along with certain other terms of the credit agreement, reduces the cost of the credit to 2 3/8 percent per year. In addition to the credit agreement, an understanding has been achieved on other problems on the development of the trade turn-over between the USSR and Sweden. Both parties agreed to prolong for 5 years the agreement on the trade turn-over and payment concluded by them on Sept. 7, 1940. The contingents for mutual goods deliveries for the period ending Dec. 31, 1947, have been fixed in the amount of 100 million Swedish kronor for either party.

"The contingents of Swedish deliveries to the USSR include various brands of high-quality steel and steel articles. Both parties found it necessary to strive for the extension of the trade turn-over in the future. In the course of the negotiations an understanding satisfying both parties has been achieved concerning the settlement of certain property claims which arose during the war.

"The negotiations passed in a friendly atmosphere and revealed the mutual desire of both Governments to develop economic connections between the two countries which meet the interests of both countries who are close neighbors, as well as the interests of the restoration and extension of international trade connections disrupted by World War II.

CONFIDENTIAL

- 3 -

"The agreement was signed on behalf of the Soviet Union by Kurylin, for the Minister of Foreign Trade of the USSR, and on behalf of Sweden by the Chairman of the trade delegation Mr. Rolph Selma."

Oslo, Norwegian Home Service, Oct. 10, 1946, 7:00 am EST--L

(Excerpt)

"Details of the goods which Sweden will deliver to the USSR under the new trade agreement have now been made known....

"Among other things Sweden will deliver 300 locomotives, 45 trawlers, and 50 cargo ships.

"Russia will pay 50 percent of the value of nationalized Swedish property in Latvia, this morning's Swedish papers report."

Lahti, Finnish Home Service, Oct. 9, 1946, 11:05 pm EST--L

(Text)

"Stockholm--M. Myrdal, Swedish Minister for Trade, explained to foreign press representatives the significance of the trade agreement with Russia. 'Some newspaper reports, according to which the Swedish credit in reality was 850 million kronor, while the rest was to go to the account of transport costs, are unfounded,' he said.

"While preparing this trade agreement we have also taken into account other international trade and have reached the conclusion that this new trade agreement, which embraces 12 to 15 percent of Swedish foreign trade, will not limit our ability to export elsewhere. Different kinds of goods are being sent eastward and westward. The agreement will not mean any direct reconstruction of the Soviet Trade Commission in Stockholm, but it is natural that its strength will be increased because of the increased exchange of goods."

Oslo, Norwegian Home Service, Oct. 16, 1946, 7:00 am EST--L

(Text)

"Russia is to send controllers to Sweden to superintend Swedish industrial concerns which are producing goods coming under the Swedish-Russian Trade Agreement, reports press telegraph from Stockholm.

"Minister of Trade Myrdal confirms this report; 'but this does not seem to me to be remarkable in any way,' he said."

Stockholm, Swedish Home Service, Oct. 17, 1946, 1:00 pm EST--L

(Text)

"The bills on the agreements with Russia were submitted to the Riksdag this afternoon. Two bills were presented, one by the Minister of Trade on the Trade Agreement and one by the Minister of Finance on the Credit Agreement. They are fairly unique among Swedish Riksdag printed matter as they contain Russian text.

"Apart from what was previously known, the bills mention a confidential transit agreement and stipulations for the re-export of goods from a third country in the trade exchange deliveries. Sweden will be compensated for half her claims in the Baltic States.

CONFIDENTIAL

CONFIDENTIAL

25X1

- 4 -

"Minister Myrdal points out in a survey that it is important from the point of view of the general Swedish trade policy that Sweden's economic relations with the Soviet Union are considerably extended. The proposals now put forward after detailed negotiations would appear to form a good foundation for a Swedish-Soviet Russian cooperation in the economic field.

"The list of Swedish credit deliveries comprises 16 commodity items and four different payments to be made against the Russian credit. The Minister of Trade points out that the prices for the goods are to be fixed through negotiations between buyer and seller to be agreed upon by the Soviet Union and the Swedish exporters. The total value of all the items amounts to one billion kronor.

"Deliveries of electrical equipment, equipment for mines and house building, and trawlers will be possible to some extent during the sixth year. In the Trade Agreement the Swedish Government undertakes as far as possible to facilitate the chartering of Swedish ships for the Soviet Union, and to consider applications for such permission in the most benevolent spirit.

"This (one word unintelligible--ED) arrangement for shipping questions will be amplified by means of concrete agreements between Swedish shipowners and Soviet Russian shipping organizations. The list of deliveries from the Soviet Union to Sweden up to 1947 contains goods for 100 million kronor of which 500 tons will be synthetic rubber, 100,000 tons petroleum products, and 100,000 tons potash.

"Goods for about 95 million kronor will be delivered from Sweden during the same period consisting of, among other things, fish and herring for 20 million kronor, cart horses (for...) and cattle for breeding 5 million kronor.

"Sweden will be compensated for half of her Baltic claims. Sweden had requested 17 million kronor, which was the outstanding sum due in accordance with the compensation agreement for Swedish property in the Baltic States concluded in 1941, 14,500,000 kronor for the (trejum) contract, and finally reasonable compensation for the missing transit goods. For this latter a compensation of 2,900,000 kronor was decided upon, taking into consideration certain Russian counter claims.

"The Soviet Union may use the Swedish credit as payment. The agreement on the Baltic claims is confidential as it was in 1941. The 1940 agreement on the transit of goods has been revised in view of the new frontiers. This agreement is also confidential."

Stockholm Swedish Home Service, Oct. 17, 1946, 1:00 pm EST--L

(Text)

"The Minister for Trade submitted to the Riksdag trade agreements for July 1, 1947 with France, Czechoslovakia, and Hungary. The agreement with France stipulates for the 12 month period and import from France to the value of 217 million kronor, and exports from Sweden to France for 207 million kronor. Some Swedish deliveries will go to the French Colonies.

"It is estimated that the total value of Swedish deliveries to Czechoslovakia will amount to 90 million kronor, and Czechoslovak deliveries to Sweden to about 100 million kronor. The Czechoslovak Government has, among other things (undertaken) to give favorable consideration at the beginning of next year to a possibility of increasing export coal to Sweden.

"The agreement with Hungary comprises Swedish deliveries for 17 million kronor and Hungarian deliveries for about 27 million kronor."

CONFIDENTIAL

Oslo, Norwegian Home Service, Oct. 31, 1946, 7:00 am EST--L

(Text)

"Since the end of the war Sweden has exported three times as much goods to Norway, Finland, Denmark, France, the Netherlands, Belgium, and Great Britain as she has imported from these countries. The amount by which the exports exceeded the imports is one billion kroner and Swedish State credits granted to foreign countries amount to almost two billion kroner. The amounts to one-seventh of the annual income of Sweden and in many cases the credit has been granted without compensation (vederlag).

"This information was supplied by a representative of the Export Federation at a meeting at Stockholm yesterday when the Swedish-Russian Trade Agreement was discussed."

Stockholm, Swedish Home Service, Oct. 20, 1946, 11:00 am EST--L

(Economic Review by Hubert De Besche, read by the announcer.)

(Excerpt)

"In the opening debate in the Riksdag last week the trade agreement with Russia was one of the opposition's chief weapons against the Government. The opposition admitted the desirability of the Russo-Swedish trade agreement but expressed apprehension lest it might be overdimensioned and so cause difficulty in procuring labor and raw materials.

"The Conservative leader, Demoo, also questioned how exports under this agreement, which must have an inflationary effect, could be associated with the Government view that investments should be restricted. As a very great part of the supplies seemed to concern the engineering and electrical industries there was also a danger of Sweden's industrial structure becoming distorted. Similar views were put forward by other opposition parties.

"Both the Minister of Trade and the Foreign Minister spoke for the Government. The former stressed that there had been intimate cooperation with industry in fixing the export quantities to the Soviet Union. It was in Sweden's interest that accord was reached on the plan for trade on credit as this would insure the best possible distribution of the export business over Sweden's industry. If there were no such plan the danger would exist of a single small detail in Russia's gigantic requirements putting too much pressure on one part of industry.

"With a view to giving the right proportions to the matter the Minister quoted some facts about the consumption of iron involved in the deliveries to Russia. The whole credit list for the 5 years did not mean more than 205,000 tons of iron including 14,800 in the first year while, 14,000 tons of quality steel would be exported within the framework of the mutual-trade machinery.

"Against this the Russians were undertaking to deliver 20,000 tons of iron during the first year including 10,000 tons of plate and rolled iron.

"Replying to criticism of the scope of the agreement the Minister said that so far as could be seen it would mean trade with Russian rising from scarcely one percent to 11 or 12 percent of Sweden's trade. The increase would not, however, take place all at once but would be gradual.

"The Foreign Minister for his part noted with satisfaction that there had been no fundamental objection to the Swedish-Russian agreement. He also dealt with the criticism of alleged secretiveness about the negotiations. It is not customary, he said, to issue communiques to the public while negotiations are in progress with foreign countries."

CONFIDENTIAL

- 6 -

Stockholm in English to North America, Nov. 9, 1946, 10:00 am EST--W

(Text)

"The important Russo-Swedish trade agreement, which has to be ratified by the Swedish Riksdag before becoming (definite), was discussed by the Foreign Relations Committee yesterday. The agreement has been the subject of fairly heated discussion in the press, and the views of the Foreign Relations Committee were awaited with interest. It received unanimous support. Accordingly, the committee recommends that the Riksdag ratify the agreement in the form in which it was already preliminarily signed after the negotiations in Moscow.

"However, the committee points out that in dimensions and construction the complexity of the agreement is of a character that is abnormal for Swedish conditions and is difficult to pass judgment on. It must be deemed to be to Sweden's interest that Soviet Russia develops in the future into a normal and important market for Swedish exports, and at the same time that Swedish industry shall be able to acquire imported goods from the Soviet Union on an increasing scale.

"The credit agreement is a frame treaty and the credit will be utilized when private Swedish enterprises have concluded contracts for delivery. The committee considers that the misgivings that have been entertained as to the agreement having an inflationary effect will be relieved somewhat; nevertheless the situation is said to call for some caution should further credit accommodations be required.

"The right-wing members of the committee, who represent half of the number, have issued a separate statement. It declares that the capacity of Swedish industry has already been earmarked for a long time ahead, and that therefore the possibilities are very limited of being able--without detriment to Sweden's national economy--to deliver large quantities of goods abroad on such terms if there will be no corresponding imports to Sweden of essential commodities.

"It is alleged that the Swedish Government has not paid adequate attention to this fact in establishing a credit for 1,000 million kronor as a basis for negotiations. There is now a danger of having to cut down Swedish building operations. The repercussions on agriculture and industry may also give rise to apprehensions.

"In the view of the right-wing members of the commission, therefore, the Government ought to have driven for a somewhat more limited agreement. But there can be no question at this juncture of rejecting the agreement since it is of the utmost importance that economic relations be established with Soviet Russia just as much as with the West and the South. This is so essential that all misgivings must be abandoned.

"One primary condition, however, is that Swedish production shall be allowed to develop and carry on without interference."

"Stockholm, Swedish Home Service, Nov. 9, 1946, 12:40 pm EST--L

(Text)

"DAGENS NYHETER, on the Swedish-Russian trade agreement, thinks that things are allowed to go too far when special emphasis is laid on the fact that the Government's powers have not been altered to enable the Government to carry out the terms of the agreement. At the same time the paper recalls the fact that emergency legislation already empowers the Government to regulate exports. This minimizes the significance of the Government not having asked for fresh powers.

CONFIDENTIAL

CONFIDENTIAL

25X1

- 7 -

"In an article entitled, 'Russia Demands Heavy Sacrifices,' STOCKHOLMS-TIDNINGEN, representing the People's Party, declares that the report of the Foreign Relations committee implies severe criticism, so severe in fact that in other circumstances it might have warranted a recommendation for rejection of the agreement. But Sweden would like to have an assured export market in the USSR, not only now but after the expiration of the 5-year agreement, and the prospect of trade relations on a fully commercial basis lends support to an acceptance of the agreement.

"SVENSKA DAGBLADET, conservative, writes that only blue-eyed optimists can shut their eyes to the fact that the agreement may lead to friction and conflicts of opinion both of an economic and of a political nature. The future is full of notes of interrogation. If it is to be made possible to carry out the terms of the agreement without excessive difficulties then the industrial life of the country must be permitted to develop and expand without disturbance due to State intervention. A great deal will also depend on the Government's taxation policy."

Stockholm, Swedish Home Service, Nov. 13, 1946, 6:30 am EST—L

(Text)

"In view of certain statements about the final shaping of the force majeure regulations and all the other general conditions regarding deliveries to the Soviet Union, Trade Counsel Vinell of the Export Federation has given some information about the negotiations on these questions with the corresponding Russian authorities.

"M. Vinell, in his capacity as acting director of Sweden's General Export Federation and supported by Secretary Bertil Svard of the same Federation, negotiated with the Russians at the same time as the official trade discussions were going on about an agreement for the general conditions of delivery of exports to the Soviet Union.

"These negotiations which were concluded shortly after the signing of the trade and credit agreement resulted in a Soviet proposal for a special agreement about such conditions. This contains terms considered suitable for the Swedish export of engineering equipment, iron, and steel within the framework of the official agreement.

"These suggestions, which M. Vinell agreed to place before the board of the Export Federation, were carefully scrutinized in Stockholm after his return from Moscow and the board has adopted them. Toward the end of October the Soviet Foreign Trade Department was informed through the Swedish Ministry in Moscow that the Soviet proposals had been accepted.

"There was, however, the condition that there was to be a mutual final examination of the effects which during the Moscow negotiations it had been agreed to do in Stockholm. This final scrutiny, as also the signing of the agreement, has been delayed because of the illness of the Russian delegate. It is, however, expected that he or another delegate will shortly arrive in Stockholm.

"It is intended that the agreement should be signed between the Export Federation and the Soviet Import Organizations or possibly the Soviet trade representatives in Stockholm."

Stockholm in English to North America, Nov. 14, 1946, 10:00 am EST—W

(Text)

"Yesterday, the Swedish Riksdag approved the trade and credit agreement with the Soviet Union which involves a Swedish credit to Russia of one billion kronor. The Upper Chamber endorsed the agreement without a division but in the Lower Chamber 17 members voted against the agreement. This can almost be termed a unanimous decision considering the liveliness of the day-long debate in the Chambers.

CONFIDENTIAL

"Although there were differences of opinion about details in the agreement and about the conduct of the negotiations, the Riksdag's decision is clear evidence of Sweden's desire to develop her trading relations with Russia.

"Criticism was mainly directed at the Government, and the Minister of Commerce in particular, for what the opposition considered was beginning at the wrong end. The preparations for a trade agreement, the opposition stated, should begin with an investigation of production-and-supply capacity and only after that should the scope of the agreement be fixed. In this case, a contrary procedure has been employed and has so caused dissatisfaction.

"The opposition particularly disapproved of the Government by-passing the Riksdag Foreign Affairs Committee where it could have had more contact with the industrial world than within their own governmental circles. In the debate, the Foreign Minister himself regretted the latter but, as the press today points out, the opposition worked behind the Foreign Minister when he denied some inquiries for an opinion as to the reason for Sweden making this agreement with Russia.

"No struggle between East and West has been involved in this affair and Sweden's industrialists are united as the Government on the need for having a much bigger trade with Russia.

"The balance of the long debate in the domestic field," writes SVENSKA DAGBLADET, "is that the fulfillment of the Russian agreement will depend on Swedish industry being allowed freedom to develop its productive capacity."

(Moscow, TASS, Soviet Overseas Service, in English Morse to North America, Nov. 18, 1946, 6:20 pm EST--P

(Commentary by Peter Orlov)

(Text)

"A few days ago the Swedish Parliament ratified the USSR-Swedish Trade and Credit Agreements, concluded in Moscow on Oct. 7. Prior to World War II, trade between the USSR and Sweden, although it did not occupy the place it had... by the countries, developed normally and was advantageous to both sides.

"The Soviet Union Provided Sweden with various kinds of high-grade (three items unintelligible--Ed), manganese and a number of other items, while Sweden shipped to this country machinery, industrial goods, metals, and some manufactured articles.

"The Soviet Union was always exact in discharging its undertakings, and trade relations between the two countries tended toward extension. The Soviet-Swedish agreements on trade and credit, concluded in September 1940, envisioned a considerable growth in trade and aimed at strengthening the economic ties between the two countries.

"The war hampered this for a time, but it could not eliminate the natural desire of two neighboring countries to develop mutually necessary and advantageous economic relations. This was indicated by the results of the recent trade talks between the Soviet Union and Sweden. The agreements concluded are advantageous to both parties and ... a spirit of mutuality.

"By granting the Soviet Union credit...million Swedish kronen to cover orders for various kinds of machinery and electrical equipment, Sweden insures the speedy development of corresponding... of the... industry.... And this latter fact is hardly of secondary importance, since a... of trade...exports account for ...Sweden's former market....

"The 5-year extension of the 1940 agreement on trade and credit is also advantageous to both parties. On the whole, to quote the Norwegian newspaper TIDENS TEGN, by concluding credit and trade agreements with the Soviet Union,

CONFIDENTIAL

CONFIDENTIAL

25X1

- 9 -

Sweden has instilled into its economic activities a stabilizing factor of extraordinary importance. At the same time these agreements with Sweden will do much to help the Soviet Union recover from the damage caused to its economy by the German-fascist occupation.

"But the significance of the Swedish-Soviet credit and trade agreements is not confined to the favorable...in the economic life of the two countries. The agreements also promote the...and development of the international trade relations which were disrupted by World War II. Generalissimo Stalin has said that the agreements with Sweden represent a contribution to the economic collaboration of Nations.

"It is common knowledge that the development of post-war international economic cooperation is considerably hampered by the fact that certain circles in the Anglo-Saxon countries, primarily in the United States, are striving to utilize their economic advantages for selfish purposes; that is, as a means of interfering in the affairs of other States to bring the latter under their influence.

"By way of illustration, it suffices to indicate the character of the economic relations between the United States and China. It is no longer a secret to anyone that the so-called assistance by the United States to China is being accompanied by the seizure by American monopoly of all key positions in the country's economic life...

"The British monopolists also pursue narrow, selfish aims in their relations with other countries. Good proof of this is British trade relations with Denmark. The British monopolists have used their position as the purchasers of the bulk of Denmark's farm produce to dictate such trade conditions as to put Danish economy in very difficult straits. The economic agreements concluded between the USSR and Sweden are free from all such shortcomings. Their realization will help to consolidate the economic independence of Sweden and promote the development of her economy....

"It is quite evident that the resistance of the reactionary circles in the United States and their (associates) in Sweden to the conclusion of the Soviet-Swedish agreement was not only aimed against the normalization of economic relations between the USSR and Sweden. This resistance was also aimed against the economic collaboration of Nations (on a basis) of complete equality and mutual respect for the interests of the parties concerned.

"But the enemies of such collaboration have failed to disrupt the conclusion of the Soviet-Swedish economic agreement. This can serve as an intelligent stimulus to the establishment of fruitful economic collaboration among Nations."

Moscow, TASS, Soviet Overseas Service, in English Morse to North America
Nov. 16, 1946, 8:38 pm EST—P

(Text)

"Stockholm—The Stockholm newspapers widely comment on the ratification of the Soviet-Swedish Credit and Trade Agreement by the Swedish Riksdag. SVENSKA MORGENBLADET urges all quarters to make efforts to fulfill the agreements with the Soviet Union and expresses the hope that in the future Sweden will have a reliable market for her goods in the Soviet Union. 'We hope,' the newspaper writes, 'that these agreements will strengthen our relations with the Soviet Union in general.'

"The newspaper DAGENS NYHETER criticizes the agreements.

"The newspaper MORGENTIDNINGEN, editorially expresses great satisfaction with the fact that the Riksdag practically unanimously approved the 'Government's important step to further peaceful cooperation with our great Eastern neighbor. The idea of extending exchange of goods with the Soviet Union,' the newspaper concludes 'is supported by all.'

CONFIDENTIAL

CONFIDENTIAL

-10-

"The newspaper NY DAG editorially writes that the agreements with the Soviet Union will be of great economic advantage for Sweden, and states: 'The path of trade between Sweden and the Soviet Union is clear. The Government has won an important victory. The foundation for friendship and cooperation between Sweden and the Soviet Union has been laid.'"

Moscow, TASS, Soviet Overseas Service, in English Morse to North America, Nov. 14, 1946, 11:13 pm EST--P

(Text)

"Stockholm, Nov. 14.--Debates on the forthcoming ratification of the Soviet-Swedish Credit and Trade Agreement continued in both Chambers of the Riksdag throughout the day of Nov. 13.

"The speakers included the leaders of all the parties, as well as a number of members of the Government. All were in favor of ratification. The proposal of the Foreign Affairs Committee of the Riksdag to approve the agreement was adopted in the First Chamber without voting. In the Second Chamber 156 deputies voted for ratification, 17 against, and 22 abstained, while 33 were absent."

Moscow, Soviet Home Service, Dec. 10, 1946, 9:00 pm EST--L

(Text)

"On Dec. 10, 1946, in Stockholm the Minister Extraordinary and Plenipotentiary of the USSR in Sweden, Chernyshov, and the Prime Minister of Sweden Erlander exchanged instruments of ratification of the credit agreement between the USSR and Sweden with supplements pertaining to them signed in Moscow on Oct. 7, 1946, and ratified by His Royal Highness the King of Sweden on Nov. 15, 1946, and by the Presidium of the Supreme Council of the USSR on Nov. 26, 1946.

"At the same time an exchange of notes was made concerning the putting into effect of the protocol on Swedish-Soviet trade turn-over and payments signed on the same day in Moscow. Consequently the credit agreement and the said protocol with documents pertaining to it take effect on Dec. 10, 1946."

Moscow, in Norwegian to Europe, Dec. 16, 1946, 2:30 pm EST--L

(Text)

"The USSR is concluding trade agreements with other nations based on equal rights and the mutual benefit of both parties. This was shown by the trade agreements concluded with Denmark, Sweden, and Finland. The USSR pledged herself to deliver industrial raw materials, technical equipment, food, fodder, fertilizers, and so forth, needed by the countries concerned.

"A trade turnover, based on mutual benefits without exerting any pressure, is in accordance with the interests of all nations, therefore it is quite understandable that the democratic public of Denmark, Sweden, and Finland acclaimed with great satisfaction the resumption of normal trade relations with the USSR.

"During the short time the Danish-Soviet trade treaty has been in force the USSR has already supplied 100,000 tons of potash of nitrate (kali salpêtre), 2,000 tons of plaster of paris, 100 tons of antimony, and other commodities needed by Denmark's industry.

CONFIDENTIAL

CONFIDENTIAL

25X1

-11-

"There are no complaints to be found in the Danish press about Soviet payments for Danish goods, (as are to be found with regard to) those sunshades with which the Danes have been supplied for the next 10 years, or with regard to the export prices paid for Danish dairy products sent to other countries by some of Denmark's other commercial connections. On the contrary, the entire press stresses that in comparison with other business associates the USSR is supplying those commodities most needed by Danish industry and by the Danish population.

"The same are the results of the trade treaty concluded between the USSR and Sweden. The plenary assembly of the Swedish trade unions confirmed in its resolution that the trade with the USSR will contribute toward creating an opportunity for everybody who wants it to obtain work in Sweden.

"Only stubborn conservatives and reactionaries oppose the normal trade relations with the USSR. This also applies to certain circles in Norway. The mouthpiece for such an attitude is the conservative MORGENBLADET. In its efforts in advance to spoil the chances for normal Soviet-Norwegian trade relations the paper frightens its readers by telling them that, in London's point of view, economic relations between Norway and the USSR will be interpreted as far too significant political concessions having been made by Norway to the USSR.

"MORGENBLADET very well knows that it is foreign to the nature of the USSR to employ the method of political pressure toward other nations. All nations with normal trade relations with the USSR will bear witness to this. The consistent policy of the USSR bears witness to this because it stands up for the freedom and sovereignty of the small nations. The paper knows therefore it refers to London and tries to cover itself by interpreting British circles."

Stockholm, in English to North America, Mar. 28, 1947, 10:00 a.m. EST—W

(Text)

"The Stockholm morning paper STOCKHOLMS TIDNINGEN has a report which described a flagrant violation of the Swedish-Russian trade agreement on the part of Russia, declaring that the Russians are demanding payment in dollars for their exports to this country.

"According to the Liberal paper's own version, this ... has caused a difficulty for the Ministers of Trade and Foreign Affairs, as well as in Swedish business circles. In essence, the report is confirmed by the Minister of Trade Myrdal, when he speaks of the ... trading on the part of the Russians.

"'It is true,' he said, 'that, Soviet Government administrative circles have continued their wartime tactics of demanding payment in dollars. (The situation at this time is conflicting)...representatives here in Sweden. There is no reason, however, to associate this incident with the import embargo, or to assume it will imply any (aversion) to the payment of Swedish kronor.'

"Finally, the whole thing is due to Russia's ... to rely upon tactics which ... the agreement. Mr. Myrdal hopes that it will be possible to settle this problem, as well as many other difficulties, in a satisfactory manner in a (forthcoming) meeting

"After quoting Mr. Myrdal's statement, STOCKHOLMS TIDNINGEN alleged that a number of businessmen have confirmed this report that the Russians are now demanding payment in dollars for all exports to Sweden."

CONFIDENTIAL

CONFIDENTIAL

12

Stockholm in Swedish to Europe, Mar. 30, 1947, 10:10 a.m. EST--L

(Summary)

When the Eriander Cabinet unexpectedly announced on Mar. 15 that it had decided to introduce an import embargo on a number of commodities including coffee, a feeling of sadness and disappointment, mixed with indignation and anger, spread throughout the country.

The question has a far more serious side than the emotional one, however. The import embargo suggests that the economic balance of the country has been disturbed and this has aggravated a political confidence crisis which has prevailed for some time, and has been caused mainly by the Government's economic policy.

Three Ministers in particular have been the objects of the opposition's attack. The first is the Minister of Trade, who was severely censured last summer for the conclusions of the trade agreement with the Soviet Union and a vast credit which was included in the agreement. The second is the Minister of Finance, who at present is engaged in drafting a sweeping taxation reform which has been the object of much adverse criticism. The third is the new Premier, whose determined support of these Ministers has caused the opposition to doubt his powers of judgment.

The dissatisfaction within opposition circles has gradually increased as it has become more and more apparent that the Government intends to force its taxation reforms through the Riksdag regardless of all criticism.

Nobody denied that it was necessary to resort to regulatory measures. The opposition has, however, refused to accept the Government's view that this situation has arisen through events and conditions outside the control of the Government. They point out that the Government had been too optimistic and had delayed effective remedies and that it had led the public astray with prognostications which did not correspond to actual conditions. The opposition recalls the view of the Minister of Finance last year when he said that wage increases would be carried out within the frame of a State price level while the price increases have, in fact, continued.

The Soviet trade agreement has again in this connection been brought up. It has been pointed out that the deliveries to the Soviet Union would demand large investments and that they are a heavy burden on production.

When the Government on Mar. 19 gave an account to the Riksdag of its stewardship it was followed by a heated debate during which the opposition attacked the Government with a severity hitherto almost unknown in Swedish parliamentary life. Immediate elections to the Second Chamber were demanded in order to determine the real opinion of the country. The dismissal of the three Ministers responsible for the economic policy was also demanded; namely the Premier and the Ministers of Finance and Trade. The Government is not troubled by either of these alternatives. It has a majority in the Riksdag and calmly remains certain of its support.

What effect these events will have on our foreign trade connections is as yet unknown. Preparations for a new trade agreement with Great Britain have begun in London. The Government's representative has been very uncommunicative since his return and has only said that the import embargo has not interrupted the successful conclusion of the discussions. It is rather obvious that he has in mind only the preliminary stage. American reaction has been more serious. It would appear that the practical realization of the import embargo will cause the Government troubles other than those caused by internal opposition.

Stockholm, in English to Europe, Apr. 3, 1947, 12:40 p.m. EST--L

(Text)

"In a prominent front-page article the Stockholm evening paper AFTONBLADET quotes reports to the effect that the Russians have opened what is described as 'general stores' in Stockholm's free harbor in which they are reselling

CONFIDENTIAL

-13-

on a cash basis certain of those products which Sweden has undertaken to export to Russia under the 5-year-credit agreement. In some cases they are said to have fixed prices at 30 percent in excess of the original purchase price. 'In this way Swedish goods produced for Russia are not even leaving the country. They are being sold to Swedish buyers after a change of labels. A Swedish electric motor obtained by the Russians on credit and valued at 300 kronor can be resold to the Swedes at a price of 540 kronor.'

'This report is denied by SVENSKA DAGBLADET which writes that responsible circles have no knowledge of any such transaction. It is, however, pointed out that a full inquiry will be instituted immediately.'

'The official morning paper MOROGONTIDNINGEN goes so far as to describe the evening paper's article as a pack of lies designed to discredit the Government and Mr. Nyrdal, the Minister of Trade. The superintendent of the free harbor describes the report as highly improbable. No Swedish goods have been exported to Russia via the free harbor so far nor have the Russian authorities acquired any storage space in that particular zone.'

Stockholm, Swedish Home Service, Apr. 8, 1947, 12:40 p.m. EST—L

(Text)

'According to Goteborg fish exporters, the negotiations with Russia concerning exports of fish from Sweden have been deadlocked. The Swedish-Russian trade agreement includes deliveries of fish to a value of about 20 million kronor this year, but as soon as the negotiations started the Russians stated they were only interested in salted fish. Swedish fish exporters are not in a position to fulfill this Russian demand. Neither are the prices satisfactory to the Russians.'

Moscow, in Swedish to Europe, Apr. 20, 1947, 4:00 p.m. EST—L

(Commentary by Ragnar Ekstrom)

(Text)

'When the opponents in Sweden to the Swedish-Russian trade agreement develop their campaign against this agreement they have been unable to deny the advantages to Swedish industry in obtaining a proper contact with the enormous Soviet market and they have also been forced to admit that the USSR is an extremely loyal trade partner. Instead they have brought out the argument that it was not financially possible for Sweden to fulfill the credit stipulations in the agreement.'

'In a reply to these arguments Premier Erlander recalled that all the credit which Sweden gives other countries amounts to 4 billion kronor, while the credit to the USSR amounts to less than 200 million kronor a year. After having been defeated in their 'objective' criticism—if it can be called that—the opponents to the agreement have adopted another method, the method of lying and mudslinging to discredit the trade agreement.'

'It is particularly the Kreuger press and other People's Party papers which have excelled themselves in this connection. STOCKHOLM TIDNINGEN has in its agitation against the trade with the Soviet Union gone so far as to accuse the USSR of (few words unintelligible—Ed.) against the Swedish rate of exchange. These lying accusations were rapidly dispelled by authoritative circles.'

'Hardly had one lie in a Kreuger paper been shown up before another Kreuger paper AFTONBLADET, appeared with another one. AFTONBLADET's attack was to the effect that the USSR was in Sweden reselling the goods which she was buying on credit in Sweden. Naturally this fabrication was also disclosed at great speed. Official circles declared that investigation made had not found a single case in which industrial equipment brought by the USSR in Sweden had been resold.'

CONFIDENTIAL

CONFIDENTIAL

25X1

-14-

"One may ask why the above-mentioned and other reactionary papers have to resort to such lies about the USSR trade policy. The reason must be sought in the Swedish big industrialists' increasing independence on the U. S. monopoly circles.

"As is known, the big industrialists in Sweden were, before and during the war, closely associated with the German fascist industrialists. Weapons for the German Army were manufactured from Kreuger ore. Now the gentlemen of the STOCKHOLM TIDNINGEN and AFTONBLADET have, to please the U. S. monopolists, reorientated themselves towards the new gentlemen of the German concerns and have started a campaign of lies against the USSR.

"It is characteristic that the most prominent participants in this campaign are those firms which at one time were on the Allied blacklists for trading with enemies of the anti-Hitler coalition. This bears witness to the fact that those who are leading the anti-Soviet agitation, supposedly to protect Swedish industry, are just those circles which with life and... served Goebbels and Krupp.

"The anti-Soviet campaign also serves an internal policy purpose. The reactionary press unites it with a campaign against the post-war program for the development of Swedish industry. Democratic opinion in Sweden is fully aware of the real background to the campaign against trade with the USSR. The campaign aims at undermining the good neighborly relations between the USSR and Sweden. Swedish democracy is, however, opposed to this policy."

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act 50, U.S.C. 31 and 32 as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

CONFIDENTIAL